GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3882
ANSWERED ON:22.08.2005
GAP BETWEEN RETAIL AND WHOLESALE PRICES OF MEDICINES
Kathiria Dr. Vallabhbhai

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether there is a wide gap between the retail and wholesale prices of medicines;

(b) if so, the details thereof; and

(c) the steps taken/proposed to be taken by the Government to reduce the gap?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND STEEL (SHRI RAM VILAS PASWAN)

(a) to (c) : Prices of Scheduled drugs and medicines are fixed by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 95). The trade margin to retailers in respect of Scheduled formulations is fixed at 16%. Prices of non-Scheduled medicines are fixed by the manufactures themselves keeping in view various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

The Government / National Pharmaceutical Pricing Authority (NPPA) regularly monitors the movement of prices of medicines of mass consumption marketed through trade channel and intervenes whenever instances of unreasonable increase in prices affecting public interest adversely are noticed.

The National Pharmaceutical Pricing Authority (NPPA) has collected data on trade margin being offered by the manufacturers to the retailers for a limited sample, it was noted that some manufacturers had offered high margin to tht retailers. However, the market share of such medicines was small.

A Committee under the Chairmanship of Joint Secretary (PI) was constituted to examine the span of price control (including trade margin) in the light of National Common Minimum Programme and the observations of the Supreme Court in SLP NO, 3668/2003 and to suggest measures for fulfilling the objective of National Common Minimum Programme to ensure the availability of life saving drugs at reasonable prices. This Committee has submitted its interim report to the Government. Follow-up action has been initiated on the recommendations of the Committee made in its interim report

A Task Force has been constituted under the Chairmanship of the Principal Advisor (PP), Planning Commission to explore various options other than price control for achieving the objective of making available life-saving drugs at reasonable prices. No recommendations of the Task Force have been received by the Government so far.